



**CITY OF RAVENNA
PORTAGE COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 1999



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

City of Ravenna
Portage County
210 Parkway
Ravenna, Ohio 44266

To the City Council:

We have audited the accompanying general-purpose financial statements of the City of Ravenna, Portage County, (the City) as of and for the year ended December 31, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Ravenna, Portage County, as of December 31, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2000 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the City, taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

September 1, 2000

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**CITY OF RAVENNA
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Assets and Other Debits				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,956,097	\$1,325,836		\$1,505,624
Cash and Cash Equivalents with Fiscal Agents			\$469	
Receivables:				
Taxes	750,597	87,373		82,078
Accounts	75,932	29,879		
Interfund	27,752			
Special Assessments	7,507		697,416	765
Intergovernmental	58,461	54,341		
Materials and Supplies Inventory	25,532	56,104		
Prepaid Items	32,996	16,019		
Deferred Charges				
Loans Receivable		3,603,586		
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents				
Investments with Fiscal Agent Cash and Cash Equivalent with Fiscal Agents				
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				
Other Debits				
Amount to be Provided from General Government Resources				
Total Assets and Other Debits	<u>\$3,934,874</u>	<u>\$5,173,138</u>	<u>\$697,885</u>	<u>\$1,588,467</u>

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$2,912,189		\$7,960			\$8,707,706
					469
82,078					1,002,126
412,617					518,428
					27,752
					705,688
776,845					889,647
91,898					173,534
20,642					69,657
118,623					118,623
					3,603,586
705,080					705,080
485,866					485,866
1,634					1,634
19,414,876			\$6,580,253		25,995,129
				\$2,352,205	2,352,205
<u>\$25,022,348</u>	<u>\$0</u>	<u>\$7,960</u>	<u>\$6,580,253</u>	<u>\$2,352,205</u>	<u>\$45,357,130</u>

**CITY OF RAVENNA
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS (Continued)
DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Liabilities, Fund Equity and Other Credits				
Liabilities				
Accounts Payable	\$22,171	\$7,799		\$3,133
Contracts Payable	8,207	32,794		7,863
Interfund Payable		27,752		
Accrued Wages	50,715	19,302		192
Compensated Absences Payable	9,352	3,643		
Judgement Payable				
Intergovernmental Payable	16,107	6,203		201
Deferred Revenue	533,050		\$697,416	765
Retainage Payable		12,055		2,357
Deposits Held and Due to Others				
Matured Interest Payable			469	
Accrued Interest Payable				
Claims Payable				
Deferred Contributed Capital				
Police and Fire Liability				
OPWC Loans Payable				
Capital Leases Payable				
OWDA Loans Payable				
General Obligation Bonds Payable				
Special Assessment Debt with Governmental Commitment				
Total Liabilities	<u>639,602</u>	<u>109,548</u>	<u>697,885</u>	<u>14,511</u>
Fund Equity and Other Credits				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings:				
Reserved (Deficit):				
Replacement and Improvement				
Operation and Maintenance				
Unreserved				
Fund Balance:				
Reserved for Encumbrances	27,516	137,063		146,048
Reserved for Inventory	25,532	56,104		
Reserved for Unclaimed Monies	424			
Reserved for Loan Receivable		3,603,586		
Unreserved, Undesignated	3,241,800	1,266,837		1,427,908
Total Fund Equity (Deficit) and Other Credits	<u>3,295,272</u>	<u>5,063,590</u>	<u>0</u>	<u>1,573,956</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$3,934,874</u>	<u>\$5,173,138</u>	<u>\$697,885</u>	<u>\$1,588,467</u>

The notes to the general purpose financial statements are an integral part of this statement.

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$20,239					\$53,342
24,335					73,199
					27,752
35,714					105,923
316,726				\$399,997	729,718
				118,558	118,558
83,508				190,175	296,194
					1,231,231
					14,412
		\$7,960			7,960
					469
9,993					9,993
	\$67,641				67,641
668,630					668,630
				113,751	113,751
277,921					277,921
105,201				49,724	154,925
4,019,462					4,019,462
2,999,017				943,995	3,943,012
				536,005	536,005
<u>8,560,746</u>	<u>67,641</u>	<u>7,960</u>	<u>0</u>	<u>2,352,205</u>	<u>12,450,098</u>
			\$6,580,253		6,580,253
1,792,506					1,792,506
275,000					275,000
430,080					430,080
13,964,016	(67,641)				13,896,375
					310,627
					81,636
					424
					3,603,586
					5,936,545
<u>16,461,602</u>	<u>(67,641)</u>	<u>0</u>	<u>6,580,253</u>	<u>0</u>	<u>32,907,032</u>
<u>\$25,022,348</u>	<u>\$0</u>	<u>\$7,960</u>	<u>\$6,580,253</u>	<u>\$2,352,205</u>	<u>\$45,357,130</u>

**CITY OF RAVENNA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund	
	General	Special Revenue
Revenues		
Municipal Income Tax	\$2,851,818	\$1,046,013
Property and Other Taxes	513,986	
Charges for Services	109,190	555,331
Licenses and Permits	215,499	
Fines and Forfeitures	162,908	3,505
Intergovernmental	961,143	1,889,168
Special Assessments		
Interest	414,602	85,885
Donations	3,621	7,579
Rentals	1,905	
Other	2,067	10,310
	<u>5,236,739</u>	<u>3,597,791</u>
Total Revenues		
 Expenditures		
Current:		
General Government	963,494	12,642
Security of Persons and Property	2,868,174	708,678
Public Health and Welfare	112,740	
Transportation		938,554
Community Environment	166,176	700,631
Basic Utility Services	118,829	
Leisure Time Activities		439,431
Economic Development	17,878	300,955
Capital Outlay		
Debt Service:		
Principal Retirement	59,279	1,361
Interest and Fiscal Charges	8,892	4,878
	<u>4,315,462</u>	<u>3,107,130</u>
Total Expenditures		
Excess of Revenues Over (Under) Expenditures	<u>921,277</u>	<u>490,661</u>
 Other Financing Sources (Uses)		
Sale of Fixed Assets	5,458	442
Inception of Capital Lease		
Operating Transfers In		98,857
Operating Transfers Out	(291,985)	(6,872)
	<u>(286,527)</u>	<u>92,427</u>
Total Other Financing Sources (Uses)		
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>634,750</u>	<u>583,088</u>
Fund Balances Beginning of Year (Restated - Note 3)	2,663,050	4,467,644
Increase (Decrease) in Reserve for Inventory	(2,528)	12,858
Fund Balances at End of Year	<u>\$3,295,272</u>	<u>\$5,063,590</u>

The notes to the general purpose financial statements are an integral part of this statement.

<u>Types</u>		<u>Totals</u>
<u>Debt Service</u>	<u>Capital Projects</u>	<u>(Memorandum Only)</u>
	\$1,002,795	\$4,900,626
		513,986
	5,793	670,314
		215,499
		166,413
	69,289	2,919,600
\$45,327		45,327
		500,487
		11,200
		1,905
	8,254	20,631
<u>45,327</u>	<u>1,086,131</u>	<u>9,965,988</u>
6,938		983,074
		3,576,852
		112,740
		938,554
		866,807
		118,829
		439,431
		318,833
	926,562	926,562
65,000		125,640
92,413		106,183
<u>164,351</u>	<u>926,562</u>	<u>8,513,505</u>
<u>(119,024)</u>	<u>159,569</u>	<u>1,452,483</u>
	13,233	19,133
	45,000	45,000
119,024	200,000	417,881
	<u>(124,562)</u>	<u>(423,419)</u>
<u>119,024</u>	<u>133,671</u>	<u>58,595</u>
0	293,240	1,511,078
0	1,280,716	8,411,410
0	0	10,330
<u>\$0</u>	<u>\$1,573,956</u>	<u>\$9,932,818</u>

**CITY OF RAVENNA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Municipal Income Tax	\$2,704,017	\$2,815,635	\$111,618
Property and Other Taxes	575,651	513,986	(61,665)
Charges for Services	22,202	33,424	11,222
Licenses and Permits	233,900	215,590	(18,310)
Fines and Forfeitures	108,400	162,908	54,508
Intergovernmental	820,196	958,285	138,089
Special Assessments			
Interest	370,000	414,602	44,602
Donations	3,700	3,621	(79)
Rentals	1,500	1,905	405
Other	3,236	1,901	(1,335)
Total Revenues	4,842,802	5,121,857	279,055
Expenditures			
Current:			
General Government	1,097,717	992,903	104,814
Security of Persons and Property	3,058,992	2,890,674	168,318
Public Health and Welfare	129,523	113,416	16,107
Transportation			
Community Environment	177,331	166,220	11,111
Basic Utility Services	154,502	120,008	34,494
Leisure Time Activities			
Economic Development	29,921	17,878	12,043
Capital Outlay			
Debt Service:			
Principal Retirement	59,279	59,279	0
Interest and Fiscal Charges	10,226	8,892	1,334
Total Expenditures	4,717,491	4,369,270	348,221
Excess of Revenues Over (Under) Expenditures	<u>125,311</u>	<u>752,587</u>	<u>627,276</u>
Other Financing Sources (Uses)			
Sale of Fixed Assets	4,500	5,458	958
Advances In	462,668	360,179	(102,489)
Advances Out	(399,458)	(43,273)	356,185
Operating Transfers In	1,654		(1,654)
Operating Transfers Out	(341,094)	(291,985)	49,109
Total Other Financing Sources (Uses)	(271,730)	30,379	302,109
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(146,419)	782,966	929,385
Fund Balances Beginning of Year	1,970,279	1,970,279	0
Prior Year Encumbrances Appropriated	174,809	174,809	0
Fund Balances at End of Year	<u>\$1,998,669</u>	<u>\$2,928,054</u>	<u>\$929,385</u>

Special Revenue Funds			Debt Service Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$1,007,616	\$1,040,199	\$32,583			
552,870	544,980	(7,890)			
4,700	3,185	(1,515)			
1,764,699	1,580,653	(184,046)			
			\$50,000	\$45,327	(\$4,673)
67,155	85,885	18,730			
10,000	7,579	(2,421)			
13,015	10,310	(2,705)			
<u>3,420,055</u>	<u>3,272,791</u>	<u>(147,264)</u>	<u>50,000</u>	<u>45,327</u>	<u>(4,673)</u>
13,960	12,397	1,563	6,988	6,938	50
836,158	705,584	130,574			
1,042,351	945,855	96,496			
924,985	835,409	89,576			
518,122	444,800	73,322			
622,950	264,797	358,153			
1,361	1,361	0	65,000	65,000	0
4,878	4,878	0	92,413	92,413	0
<u>3,964,765</u>	<u>3,215,081</u>	<u>749,684</u>	<u>164,401</u>	<u>164,351</u>	<u>50</u>
<u>(544,710)</u>	<u>57,710</u>	<u>602,420</u>	<u>(114,401)</u>	<u>(119,024)</u>	<u>(4,623)</u>
300	442	142			
216,671	43,273	(173,398)			
(201,447)	(49,224)	152,223			
95,185	98,857	3,672	114,401	119,024	4,623
(6,872)	(6,872)	0			
<u>103,837</u>	<u>86,476</u>	<u>(17,361)</u>	<u>114,401</u>	<u>119,024</u>	<u>4,623</u>
(440,873)	144,186	585,059	0	0	0
176,046	176,046	0	0	0	0
832,073	832,073	0	0	0	0
<u>\$567,246</u>	<u>\$1,152,305</u>	<u>\$585,059</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

(Continued)

**CITY OF RAVENNA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
 ALL GOVERNMENTAL FUND TYPES (Continued)
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Municipal Income Tax	\$967,560	\$998,740	\$31,180
Property and Other Taxes			
Charges for Services	5,400	5,793	393
Licenses and Permits			
Fines and Forfeitures			
Intergovernmental	83,867	69,289	(14,578)
Special Assessments	2,250		(2,250)
Interest			
Donations			
Rentals			
Other	10,910	8,254	(2,656)
Total Revenues	1,069,987	1,082,076	12,089
Expenditures			
Current:			
General Government			
Security of Persons and Property			
Public Health and Welfare			
Transportation			
Community Environment			
Basic Utility Services			
Leisure Time Activities			
Economic Development			
Capital Outlay	1,433,486	1,052,052	381,434
Debt Service:			
Principal Retirement			
Interest and Fiscal Charges			
Total Expenditures	1,433,486	1,052,052	381,434
Excess of Revenues Over (Under) Expenditures	(363,499)	30,024	393,523
Other Financing Sources (Uses)			
Sale of Fixed Assets	10,000	13,233	3,233
Advances In	234,929		(234,929)
Advances Out	(113,400)	(113,400)	0
Operating Transfers In	238,351	200,000	(38,351)
Operating Transfers Out	(135,119)	(124,562)	10,557
Total Other Financing Sources (Uses)	234,761	(24,729)	(259,490)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(128,738)	5,295	134,033
Fund Balances Beginning of Year	985,818	985,818	0
Prior Year Encumbrances Appropriated	356,792	356,792	0
Fund Balances at End of Year	\$1,213,872	\$1,347,905	\$134,033

The notes to the general purpose financial statements are an integral part of this statement.

Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$4,679,193	\$4,854,574	\$175,381
575,651	513,986	(61,665)
580,472	584,197	3,725
233,900	215,590	(18,310)
113,100	166,093	52,993
2,668,762	2,608,227	(60,535)
52,250	45,327	(6,923)
437,155	500,487	63,332
13,700	11,200	(2,500)
1,500	1,905	405
27,161	20,465	(6,696)
<u>9,382,844</u>	<u>9,522,051</u>	<u>139,207</u>
1,118,665	1,012,238	106,427
3,895,150	3,596,258	298,892
129,523	113,416	16,107
1,042,351	945,855	96,496
1,102,316	1,001,629	100,687
154,502	120,008	34,494
518,122	444,800	73,322
652,871	282,675	370,196
1,433,486	1,052,052	381,434
125,640	125,640	0
107,517	106,183	1,334
<u>10,280,143</u>	<u>8,800,754</u>	<u>1,479,389</u>
<u>(897,299)</u>	<u>721,297</u>	<u>1,618,596</u>
14,800	19,133	4,333
914,268	403,452	(510,816)
(714,305)	(205,897)	508,408
449,591	417,881	(31,710)
<u>(483,085)</u>	<u>(423,419)</u>	<u>59,666</u>
<u>181,269</u>	<u>211,150</u>	<u>29,881</u>
(716,030)	932,447	1,648,477
3,132,143	3,132,143	0
1,363,674	1,363,674	0
<u>\$3,779,787</u>	<u>\$5,428,264</u>	<u>\$1,648,477</u>

**CITY OF RAVENNA
COMBINED STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND EQUITY
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Total (Memorandum Only)</u>
Operating Revenues			
Charges for Services	\$3,886,257	\$1,066,955	\$4,953,212
Other	11,990		11,990
Total Operating Revenues	<u>3,898,247</u>	<u>1,066,955</u>	<u>4,965,202</u>
Operating Expenses			
Personal Services	2,311,860		2,311,860
Contractual Services	294,584	17,889	312,473
Claims		825,956	825,956
Materials and Supplies	486,353		486,353
Other	7,723		7,723
Depreciation	550,122		550,122
Total Operating Expenses	<u>3,650,642</u>	<u>843,845</u>	<u>4,494,487</u>
Operating Income	<u>247,605</u>	<u>223,110</u>	<u>470,715</u>
Non-Operating Revenues (Expenses)			
Municipal Income Tax	959,801		959,801
Interest	36,510		36,510
Loss on Disposal of Fixed Assets	(642,064)		(642,064)
Interest and Fiscal Charges	(386,855)		(386,855)
Other Non-Operating Expenses	(8,954)		(8,954)
Total Non-Operating Revenues (Expenses)	<u>(41,562)</u>	<u>0</u>	<u>(41,562)</u>
Income Before Operating Transfers	206,043	223,110	429,153
Operating Transfers In	5,538		5,538
Net Income	211,581	223,110	434,691
Retained Earnings (Deficit)			
Beginning of Year (Restated Note 3)	14,457,515	(290,751)	14,166,764
Retained Earnings (Deficit) at End of Year	<u>14,669,096</u>	<u>(67,641)</u>	<u>14,601,455</u>
Contributed Capital Beginning of Year	1,494,652		1,494,652
Contributions During the Year:			
Capital Grant	222,086		222,086
Special Assessments	2,060		2,060
Tap In Fees	28,708		28,708
Other Funds	45,000		45,000
Contributed Capital End of Year	<u>1,792,506</u>	<u>0</u>	<u>1,792,506</u>
Total Fund Equity (Deficit) at End of Year	<u>\$16,461,602</u>	<u>(\$67,641)</u>	<u>\$16,393,961</u>

The notes to the general purpose financial statements are an integral part of this statement.

**CITY OF RAVENNA
 COMBINED STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL
 ALL PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Charges for Services	\$3,889,436	\$3,865,330	(\$24,106)
Municipal Income Tax	946,721	977,461	30,740
Tap In Fees	25,400	28,708	3,308
Special Assessments	3,488	2,061	(1,427)
Capital Grants	560,723	194,086	(366,637)
Proceeds of Refunding Bonds		3,292,968	3,292,968
Sale of Fixed Assets	1,000	2,418	1,418
Other	12,891	11,990	(901)
Total Revenues	5,439,659	8,375,022	2,935,363
Expenses			
Personal Services	2,645,955	2,284,275	361,680
Contractual Services	704,090	403,674	300,416
Claims			
Materials and Supplies	565,214	507,209	58,005
Other	16,079	16,036	43
Capital Outlay	1,819,816	1,496,750	323,066
Issuance Costs		124,554	(124,554)
Payment to Bondholders		3,168,414	(3,168,414)
Debt Service:			
Principal Retirement	460,337	581,338	(121,001)
Interest and Fiscal Charges	431,242	299,582	131,660
Total Expenses	6,642,733	8,881,832	(2,239,099)
Excess of Revenues Over (Under) Expenses	(1,203,074)	(506,810)	696,264
Advances Out			
Operating Transfers In	97,136	5,538	(91,598)
Operating Transfers Out	(38,182)		38,182
Total Other Sources (Uses)	58,954	5,538	(53,416)
Excess of Revenues Over (Under) Expense, Operating Transfers and Advances	(1,144,120)	(501,272)	642,848
Fund Equity Beginning of Year	3,148,964	3,148,964	0
Prior Year Encumbrances Appropriated	424,379	424,379	0
Fund Equity at End of Year	\$2,429,223	\$3,072,071	\$642,848

(Continued)

CITY OF RAVENNA
COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL PROPRIETARY FUND TYPES (Continued)
FOR THE YEAR ENDED DECEMBER 31, 1999

	Internal Service		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
Revenues			
Charges for Services	\$1,269,135	\$1,066,955	(\$202,180)
Municipal Income Tax			
Tap In Fees			
Special Assessments			
Capital Grants			
Proceeds of Refunding Bonds			
Sale of Fixed Assets			
Other			
Total Revenues	1,269,135	1,066,955	(202,180)
Expenses			
Personal Services			
Contractual Services	17,889	17,889	
Claims	851,511	851,511	
Materials and Supplies			
Other			
Capital Outlay			
Issuance Costs			
Payment to Bondholders			
Debt Service:			
Principal Retirement			
Interest and Fiscal Charges			
Total Expenses	869,400	869,400	0
Excess of Revenues Over (Under) Expenses	399,735	197,555	(202,180)
Advances Out	(197,555)	(197,555)	
Operating Transfers In			
Operating Transfers Out			
Total Other Sources (Uses)	(197,555)	(197,555)	0
Excess of Revenues Over (Under) Expense, Operating Transfers and Advances	202,180	0	(202,180)
Fund Equity Beginning of Year	0	0	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Equity at End of Year	\$202,180	\$0	(\$202,180)

The notes to the general purpose financial statements are an integral part of this statement.

Totals (Memorandum Only)

Revised Budget	Actual	Variance Favorable (Unfavorable)
\$5,158,571	\$4,932,285	(\$226,286)
946,721	977,461	30,740
25,400	28,708	3,308
3,488	2,061	(1,427)
560,723	194,086	(366,637)
0	3,292,968	3,292,968
1,000	2,418	1,418
12,891	11,990	(901)
6,708,794	9,441,977	2,733,183
2,645,955	2,284,275	361,680
721,979	421,563	300,416
851,511	851,511	0
565,214	507,209	58,005
16,079	16,036	43
1,819,816	1,496,750	323,066
	124,554	(124,554)
	3,168,414	(3,168,414)
460,337	581,338	(121,001)
431,242	299,582	131,660
7,512,133	9,751,232	(2,239,099)
(803,339)	(309,255)	494,084
(197,555)	(197,555)	0
97,136	5,538	(91,598)
(38,182)		38,182
(138,601)	(192,017)	(53,416)
(941,940)	(501,272)	440,668
3,148,964	3,148,964	0
424,379	424,379	0
\$2,631,403	\$3,072,071	\$440,668

**CITY OF RAVENNA
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

Increase (Decrease) in Cash and Cash Equivalents	Enterprise	Internal Service	Total (Memorandum Only)
Cash Flows From Operating Activities			
Cash Received From Customers	\$3,867,534		\$3,867,534
Cash Payments from Quasi-External Transactions with Other Funds		\$1,066,955	1,066,955
Cash Payments to Suppliers for Materials and Supplies	(504,535)		(504,535)
Cash Payments for Employee Services and Benefits	(2,284,275)		(2,284,275)
Cash Payments for Contractual Services	(336,190)	(17,889)	(354,079)
Cash Payments for Claims		(851,511)	(851,511)
Other Operating Revenues	11,990		11,990
Other Operating Expenses	(16,177)		(16,177)
Net Cash Provided by Operating Activities	<u>738,347</u>	<u>197,555</u>	<u>935,902</u>
Cash Flows from Noncapital Financing Activities			
Municipal Income Tax	977,461		977,461
Transfers In	5,538		5,538
Advances Out		(197,555)	(197,555)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>982,999</u>	<u>(197,555)</u>	<u>785,444</u>
Cash Flows From Capital and Related Financing Activities			
Acquisition of Capital Assets	(1,023,914)		(1,023,914)
Sale of Fixed Assets	2,418		2,418
Tap-In Fees	28,708		28,708
Special Assessments	2,061		2,061
Capital Grant	194,086		194,086
Proceeds of Refunding Bonds	3,292,968		3,292,968
Payments to Bond Holders	(3,168,414)		(3,168,414)
Issuance Costs	(124,554)		(124,554)
Principal Paid on Capital Lease	(29,799)		(29,799)
Principal Paid on OWDA Loans	(226,802)		(226,802)
Principal Paid on OPWC Loans	(33,735)		(33,735)
Principal Paid on Revenue Bonds	(295,000)		(295,000)
Interest Paid on OWDA Loans	(222,639)		(222,639)
Interest Paid on Revenue Bonds	(65,546)		(65,546)
Net Cash Used for Capital and Related Financing Activities	<u>(1,670,162)</u>		<u>(1,670,162)</u>
Cash Flows from Investing Activities			
Sale of Securities	2,621,937		2,621,937
Purchase of Securities	(2,672,501)		(2,672,501)
Interest	36,510		36,510
Net Cash Used for Operating Activities	<u>(14,054)</u>		<u>(14,054)</u>
Net Increase in Cash and Cash Equivalents	37,130	0	37,130
Cash and Cash Equivalents Beginning of Year	<u>3,581,773</u>	<u>0</u>	<u>3,581,773</u>
Cash and Cash Equivalents End of Year	<u>\$3,618,903</u>	<u>\$0</u>	<u>\$3,618,903</u>

(Continued)

**CITY OF RAVENNA
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES (Continued)
 FOR THE YEAR ENDED DECEMBER 31, 1999**

Reconciliation of Operating Income to Net Cash Provided by Operating Activities	<u>Enterprise</u>	<u>Internal Service</u>	<u>Total (Memorandum Only)</u>
Operating Income	\$247,605	\$223,110	\$470,715
Adjustments:			
Other Non-Operating Expenses	(8,954)		(8,954)
Depreciation	550,122		550,122
(Increase)Decrease in Assets:			
Accounts Receivable	11,233		11,233
Intergovernmental Receivable	(29,956)		(29,956)
Materials and Supplies Inventory	(16,117)		(16,117)
Prepaid Items	1,059		1,059
Increase(Decrease) in Liabilities:			
Accounts Payable	(34,187)		(34,187)
Contracts Payable	(10,612)		(10,612)
Accrued Wages	6,604		6,604
Compensated Absences Payable	45,214		45,214
Intergovernmental Payable	(23,664)		(23,664)
Claims Payable		(25,555)	(25,555)
Total Adjustments	490,742	(25,555)	465,187
Net Cash Provided by Operating Activities	<u>\$738,347</u>	<u>\$197,555</u>	<u>\$935,902</u>

The notes to the general purpose financial statements are an integral part of this statement.

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**CITY OF RAVENNA, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999**

1. DESCRIPTION OF THE CITY AND REPORTING ENTITY

The City of Ravenna (the "City") was incorporated under the laws of the State of Ohio in 1852, and adopted its first charter in 1971. The Charter provides for a Mayor-Council form of government. The Mayor is elected for a four-year term and Council members are elected at large for four year staggered terms.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading.

The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Ravenna, this includes police protection, fire fighting and prevention, street maintenance and repairs, building inspection, parks and recreation and wastewater. The operation of each of these activities is directly controlled by Council through the budgetary process.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes. The City has no component units.

The City is associated with the Metro Critical Response and Rescue Team which is defined as jointly governed organization and the Maple Grove Union Cemetery which is defined as a joint venture. The City does not have any financial interest in or responsibility for the jointly governed organization. (See Note 17 and Note 18).

The Ravenna City School District and the Ravenna Reed Memorial Library have been excluded from the reporting entity because the City is not financially accountable for these organizations nor does the City approve the budget, the levying of taxes or the issuance of debt for these organizations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the City's accounting policies are described below.

A. Basis of Presentation - Fund Accounting

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities.

CITY OF RAVENNA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the City are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

Governmental Fund Types Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the City's governmental fund types:

General Fund This fund is the operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds are established to account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Funds These funds are used to account for the accumulations of resources for, and the payment of, general and special assessment long-term debt principal, interest and related costs.

Capital Projects Funds These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Fund Types Proprietary funds are used to account for the City's ongoing activities which are similar to those found in the private sector. The following are the City's proprietary fund types:

Enterprise Funds These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Fund This fund is used to account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service fund is used to account for the medical self-insurance fund.

CITY OF RAVENNA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Fund Types Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. There are two types of fiduciary funds, trust and agency. The City has no trust funds.

Agency funds These funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

Account Groups To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group This account group accounts for all general fixed assets of the City other than those accounted for in proprietary funds.

General Long-Term Obligations Account Group This account group accounts for all unmatured long-term indebtedness of the City that is not a specific liability of proprietary funds, including special assessment debt for which the City is obligated in some manner.

B. Measurement Focus and Basis of Accounting

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

All governmental fund types and agency funds are accounted for using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current year or soon enough thereafter to be used to pay liabilities of the current year. The available period for the City is thirty-one days after year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, state-levied locally shared taxes (including gasoline tax), fines and forfeitures and income tax withheld by employers.

CITY OF RAVENNA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Current and delinquent property taxes measurable as of December 31, 1999, whose availability is indeterminate and which are not intended to finance current period obligations, have been recorded as a receivable and deferred revenue. Levied special assessments are measurable, and have been recorded as a receivable. Since all assessments are due outside of the available period, the entire amount has been deferred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized when they are earned and become measurable and expenses are recognized when they are incurred, if measurable. Unbilled service charges receivable are recognized as revenue at year end.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. Budgetary information for the trustee accounts set up in accordance with the indenture agreement in the enterprise funds is not reported because the accounts are not included in the entity for which the "appropriated budget" is adopted. The legal level of budgetary control is at the fund level within each fund except the general fund which is at the fund/department level. Any budgetary modifications at these levels may only be made by resolution of the City Council.

Tax Budget At the first Council meeting in July, the Mayor presents the annual operating budget for the following year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

CITY OF RAVENNA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimated Resources The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if the Finance Director determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 1999.

Appropriations A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund level within each fund except the general fund which is at the fund/department level. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year only by an ordinance of Council. During the year, several supplemental appropriation measures were passed. None of these supplemental appropriations had any significant affect on the original appropriations. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

Encumbrances As part of formal budgetary control, purchases orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding year and is not reappropriated.

D. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet.

During 1999, investments were limited to STAROhio, United States Treasury Notes and repurchase agreements.

CITY OF RAVENNA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 1999.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 1999 amounted to \$414,602, which includes \$245,995 assigned from other City funds.

The City utilizes a financial institution to service bonded debt as principal and interest come due. The balance in this account is presented on the combined balance sheet as "cash and cash equivalents with fiscal agents".

The City utilizes a fiscal agent to hold monies set aside for current and future debt service payments under the provisions of the bond indenture. The balances in these accounts are presented on the balance sheet as, "restricted assets - investments with fiscal agent" or "restricted assets - cash and cash equivalents with fiscal agent."

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturity of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an original maturity of more than three months are reported as investments.

E. Intergovernmental Receivable

For governmental funds, intergovernmental revenue, such as grants awarded on a non-reimbursement basis, shared revenues and entitlements are recorded as receivables and revenues when measurable and available.

Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants, entitlements or shared revenues received for proprietary fund operating purposes are recognized as nonoperating revenues in the accounting period in which they are earned and become measurable. Such resources used for the construction of capital assets are recorded as contributed capital.

F. Interfund Assets and Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables."

CITY OF RAVENNA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Inventory

Inventories of governmental funds are stated at cost while the inventory of the proprietary funds is stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased and as expenses in the proprietary fund types when used. Reported materials and supplies inventory is equally offset by a fund balance reserve in the governmental fund which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 1999, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure is reported in the year in which services are consumed.

I. Restricted Assets

Restricted assets in the enterprise funds represent amounts set aside to satisfy bond indenture requirements for current and future debt payments, the replacement and improvement of fixed assets originally acquired with bond proceeds, and providing sufficient resources to cover operating costs for one month.

J. Bond Issuance Costs

Bond issuances costs for proprietary fund types are deferred and amortized over the term of the bonds. The straight-line method is used since the results are not significantly different from the effective interest method.

K. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary fund are capitalized in the fund.

All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost when no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The City has established a capitalization threshold for fixed assets at \$500.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

Public domain ("infrastructure") general fixed assets consisting of streets, storm sewers and drains, and traffic signals and signs which are not capitalized as these assets are immovable and of value only to the City.

CITY OF RAVENNA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets in the general fixed assets account group are not depreciated. Depreciation in the proprietary fund types are computed using the straight-line method over an estimated useful lives:

Description	Enterprise
Buildings	15-45 years
Improvements other than Buildings	7-20 years
Equipment	3-20 years
Vehicles	5 years
Water and Sewer Lines	30 years

Interest is capitalized on proprietary fund assets acquired with tax exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 1999, interest costs incurred on construction projects in the proprietary funds were not material.

L. Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds.

M. Accrued Liabilities and Long-term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds, regardless of whether they will be liquidated with current resources. However, claims, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current expendable available financial resources. Payments made more than thirty-one days after year end are considered not to have been made with current expendable available financial resources. Bonds and capital leases are recognized as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

N. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributed to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination payments and those the City has identified as probable of receiving payment in the future (those employees who will be eligible to receive termination payments within the next five years). The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the City's termination policy.

CITY OF RAVENNA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

Fund Equity

Reserves for retained earnings represent those portions of fund equity not available for appropriation or legally segregated for a specific future use. Retained earnings in the water enterprise fund have been reserved for replacement and improvement and for operations and maintenance which represent monies set aside to satisfy bond indenture requirements. Contributed capital is recorded in proprietary funds that have received capital grants or contributions from customers. A determination of the amount of contributed capital received prior to 1993 has not been made. Fund balance reserves represent those portions of fund equity not appropriate for expenditure or legally segregated for a specific future use. Fund balances are reserved for encumbrances, loans receivable, inventories of materials and supplies, and unclaimed monies. Under Ohio law, unclaimed monies are not available for appropriation until they have remained unclaimed for five years.

O. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

P. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in aggregation of this data.

3. RESTATEMENT OF PRIOR YEAR'S FUND EQUITY

In the prior year, the following adjustments resulted in the restatement of fund balance/retained earnings in the general and internal service funds. The table below provides the details of these adjustments and the resulting effect on fund equity.

	General	Internal Service
Fund Balance/Retained Earnings as Previously Reported	\$2,465,495	(\$93,196)
Understatement of Interfund Receivable	197,555	0
Understatement of Interfund Payable	0	(197,555)
Restated Amounts December 31, 1998	<u>\$2,663,050</u>	<u>(\$290,751)</u>

CITY OF RAVENNA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

4. BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis as provided by law is based upon accounting for transactions on a basis of cash receipts, disbursements and encumbrances.

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual -All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual - All Proprietary Fund Types are presented on the budgetary basis to provide a relevant comparison of actual results with the budget and to demonstrate compliance with State statute. The major differences between the budget basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Outstanding year end encumbrances are treated as expenditures/expenses (budget) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund types (GAAP).
4. For the proprietary fund, the acquisition and construction of capital assets are reported on the operating statement (budget) rather than as balance sheet transactions (GAAP).
5. The trustee account set up in accordance with the indenture agreements (GAAP) are not part of the entity for which the appropriated budget is adopted (budget).
6. Proceeds from principal payment on short term note obligations are reported on the operating statement (budget) rather than on the balance sheet (GAAP).
7. Unreported Cash represents amounts received but not included as revenue on the budget basis operating statements these amounts are included as revenue on the GAAP basis operating statements.

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis.

Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses All Governmental Fund Types			
	General	Special Revenue	Capital Projects
GAAP Basis	\$634,750	\$583,088	\$293,240
Net Adjustment for Revenue Accruals	(114,882)	(374,940)	(4,055)
Repayment of Loan	0	49,940	0
Advance In	360,179	43,273	0
Net Adjustment for Expenditure Accruals	(25,765)	375,596	(126,171)
New Loans	0	(310,016)	0
Advance Out	(43,273)	(49,224)	0
Encumbrances	(28,043)	(173,531)	(157,719)
Budget Basis	\$782,966	\$144,186	\$5,295

CITY OF RAVENNA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

	Enterprise	Internal Service
Net Income/Excess of Revenues Over (Under) Expenses, Operating Transfers and Advances All Proprietary Fund Types		
GAAP Basis	\$211,581	\$223,110
Net Adjustments for Revenue Accruals	6,195	
Tap-In Fees	28,708	
Special Assessments	2,061	
Capital Grants	194,086	
Proceeds of Refunding Bond	3,292,968	
Sales of Fixed Assets	2,418	
Net Adjustment for Expense Accruals	(119,407)	(25,555)
Principal Retirement	(581,338)	
Payment to Bondholders	(3,168,414)	
Capital Outlay	(1,023,914)	
Advance Out		(197,555)
Loss on Disposal of Fixed Assets	642,064	
Depreciation	550,122	
Non-budget Activity of Trustee Accounts	6,796	
Unreported Cash	(2,204)	
Encumbrances	(542,994)	
Budget Basis	(\$501,272)	\$0

5. ACCOUNTABILITY AND COMPLIANCE

A. Accountability

The following funds had a deficit fund balances/retained earnings as of December 31, 1999:

Fund Name	Amount of Deficit
Special Revenue Fund:	
COPS Grant	\$6,343
SAFE Community Grant	7,411
Internal Service Fund:	
Group Hospitalization Reserve	\$67,641

The deficits in the COPS Grant and SAFE Community Grant special revenue funds are caused by revenue being insufficient to cover expenditures on the modified accrual basis of accounting. The general fund is liable for any deficit in the funds and provides operating transfers when cash is required, not when accruals occur.

Management is currently analyzing the operations of the internal service fund to determine appropriate action to alleviate the deficit.

CITY OF RAVENNA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

5. ACCOUNTABILITY AND COMPLIANCE (Continued)

B. Legal Compliance

Contrary to the Charter of the City of Ravenna, Ohio, Article IX, Section 2, and to the Ohio Revised Code § 5705.41B, Ohio Revised Code, the following accounts had expenditures plus encumbrances in excess of appropriations:

Fund/Function	Appropriations	Expenditures Plus Encumbrances	Excess
Water Enterprise	\$3,946,309	\$6,355,300	(\$2,408,991)

6. DEPOSITS AND INVESTMENTS

State statutes classify monies held by the City into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the finance director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement exceeds the principal value of the agreement. by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

CITY OF RAVENNA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

6. DEPOSITS AND INVESTMENTS (Continued)

4. Bonds and other obligation of the State of Ohio;

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and

6. The State Treasurer's investment pool (STAROhio).

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories or risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

Deposits At year-end, the carrying amount of the City's deposits was \$160,066 and the bank balance was \$327,045. Of the bank balance:

1. \$100,000 was covered by federal depository insurance.

2. \$227,045 was uncollateralized and uninsured. Although the securities were held by the pledging financial institutions trust department or agent in the City's name and all State statutory requirements for the investment of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

Investments The City's investments are required to be categorized to give an indication of the level or risk assumed by the City at year end. Category 1 includes investments that are insured or registered or are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments which are held by the counterparty, or by its trust department or agent but not in the City's name. STAROhio is unclassified investments since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Value	Fair Value
Repurchase Agreements	\$183,510	\$183,510	\$183,510
U. S. Treasury Notes	485,866	485,866	485,866
STAROhio		9,071,313	9,071,313
Total Investments	<u>\$669,376</u>	<u>\$9,740,689</u>	<u>\$9,740,689</u>

CITY OF RAVENNA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

6. DEPOSITS AND INVESTMENTS (Continued)

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$9,414,889	\$485,866
Investments of the Cash Management Pool:		
Repurchase Agreements	(183,510)	183,510
STAROhio	(9,071,313)	9,071,313
GASB Statement No. 3	\$160,066	\$9,740,689

7. RECEIVABLES

Receivables at December 31, 1999, consisted of taxes, accounts (billings for user charged services including unbilled utility services), special assessments, interest, and intergovernmental receivables arising from grants, entitlements and shared revenues. Loans receivable presented in the special revenue funds represent low interest loans for development projects and home improvements granted to eligible City residents and businesses under Federal Grant programs. The loans bear interest at annual rates ranging between zero and seven percent. The loans are to be repaid over periods ranging from five to thirteen years. All receivables are considered fully collectible.

1. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 1999 for real and public utility property taxes represents collections of 1998 taxes. Property tax payments received during 1999 for tangible personal property (other than public utility property) is for 1999 taxes.

1999 real property taxes are levied after October 1, 1999 on the assessed value as of January 1, 1999, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 1999 real property taxes are collected in and intended to finance 2000 operations.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 1999 public utility property taxes become a lien December 31, 1998, are levied after October 1, 1999, and are collected in 2000 with real property taxes.

1999 tangible personal property taxes are levied after October 1, 1998, on the value as of December 31, 1998. Collections are made in 1999. Tangible personal property assessments are 25 percent of true value.

CITY OF RAVENNA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

7. RECEIVABLES (Continued)

The full tax rate for all City operations for the year ended December 31, 1999, was \$3.40 per 1,000 of assessed value. The assessed values of real and tangible personal property upon which 1999 property tax receipts were based are as follows:

Real Property	\$125,612,150
Tangible Personal Property	7,144,760
Public Utility Property	33,612,116
Total	\$166,369,026

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable at September 20.

The County Treasurer collects property tax on behalf of all taxing districts within the county, including the City of Ravenna. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 1999. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimate at December 31, nor are they intended to finance 1999 operations. The receivable is offset by deferred revenue.

1. Income Taxes

The City levies a municipal income tax of 1.80 percent on all salaries, wages, commissions and other compensation, and net profits earned within the City as well as incomes of residents earned outside of the City. In the latter case the City allows a credit of 100 percent of the tax paid to another municipality to a maximum of the total amount assessed.

Employers within the City are required to withhold income tax on employee compensation and to remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

Income tax proceeds are received by the general fund, emergency management services, street construction, maintenance and repair and recreation levy special revenue funds, water debt service fund, capital improvements capital projects fund and the water enterprise fund.

3. Intergovernmental

A summary of the principal items of intergovernmental receivables follows:

CITY OF RAVENNA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

7. RECEIVABLES (Continued)

	Amount
General Fund:	
Estate Tax	\$39,094
County Auditor Municipal Court Ordinance Fees	10,730
Local Government	6,982
Other	1,655
 Total General Fund	 58,461
Special Revenue Funds:	
Street Maintenance	32,306
Safe Communities	11,548
HUD	8,588
State Highway	1,867
EMS	32
 Total Special Revenue Funds	 54,341
 Sewer Enterprise Fund	 776,845
 Total	 \$889,647

The intergovernmental receivable in the sewer enterprise fund represents amounts due to the City from Portage County.

8. INTERFUND TRANSACTIONS

Interfund balances at December 31, 1999, consist of the following interfund receivables and payables:

	Receivable	Payable
General Fund	\$27,752	\$0
Special Revenue Funds		
COPS	0	8,218
Safe Communities	0	18,959
EMS	0	575
<i>Total Special Revenue Funds</i>	0	27,752
 Totals	 \$27,752	 \$27,752

9. FIXED ASSETS

A summary of the enterprise funds' property, plant and equipment at December 31, 1999, follows:

Land	\$989,008
Buildings	14,246,264
Improvements Other than Buildings	2,769,969
Equipment	3,430,432
Vehicles	271,931
Infrastructure	10,066,772
Construction In Progress	87,717
Total	31,862,093
Less: Accumulated Depreciation	(12,447,217)
Net Fixed Assets	\$19,414,876

CITY OF RAVENNA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

9. FIXED ASSETS (Continued)

A summary of changes in general fixed assets follows:

	Balance January 1, 1999	Additions	Deductions	Balance December 31, 1999
Land	\$791,081	\$0	\$0	\$791,081
Buildings	1,548,225	0	0	1,548,225
Improvements Other than Buildings	543,879	14,807	0	558,686
Equipment	1,871,917	159,109	(252,780)	1,778,246
Vehicles	1,840,573	185,050	(121,608)	1,904,015
Total	\$6,595,675	\$358,966	(\$374,388)	\$6,580,253

10. LONG-TERM OBLIGATIONS

Changes in long-term obligations of the City during 1999 were as follows:

	Original Amount	Outstanding 12/31/98	Additions	(Reductions)	Outstanding 12/31/99
Enterprise Fund Obligations					
<i>Mortgage Revenue Bond</i>					
1987 Waterworks Series 3.75-6.625%	\$4,800,000	\$3,070,000	\$0	(\$3,070,000)	\$0
Waterworks System Revenue 1999 Refunding Bonds 3.50-4.35%	3,315,000	0	3,315,000	(295,000)	3,020,000
<i>Total Mortgage Revenue Bonds</i>		<u>3,070,000</u>	<u>3,315,000</u>	<u>(3,365,000)</u>	<u>3,020,000</u>
<i>Ohio Public Works Commission Loans</i>					
1993 East Side Water Improvement 0%	197,100	78,840	0	(19,710)	59,130
1994 Lakewood Road Waterline 0%	168,327	143,078	0	(8,416)	134,662
1994 Cotton Corners Waterline 0%	112,173	89,738	0	(5,609)	84,129
<i>Total OPWC Loans</i>		<u>311,656</u>	<u>0</u>	<u>(33,735)</u>	<u>277,921</u>
<i>Ohio Water Development Loan</i>					
1993 OWDA Phase II 5.00%	5,476,391	4,246,264	0	(226,802)	4,019,462
Capital Lease Obligations		0	135,000	(29,799)	105,201
<i>Total Enterprise Fund Obligations</i>		<u>7,627,920</u>	<u>3,450,000</u>	<u>(3,655,336)</u>	<u>7,422,584</u>
General Long-Term Obligations					
<i>General Obligation Bonds</i>					
1993 Streetscape 3.50-6.30%	995,000	835,000	0	(35,000)	800,000
1994 Streetscape 4.20-6.35%	171,514	150,346	0	(6,351)	143,995

CITY OF RAVENNA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

10. LONG-TERM OBLIGATIONS (Continued)

	Original Amount	Outstanding 12/31/98	Additions	(Reductions)	Outstanding 12/31/99
<i>Total General Obligation Bonds</i>		985,346	0	(41,351)	943,995
<i>Special Assessment Bonds</i>					
1994 Streetscape 4.20-6.35%	638,486	559,654	0	(23,649)	536,005
Compensated Absences		364,740	56,903	(21,646)	399,997
Judgements Payable		177,837	0	(59,279)	118,558
Fire Pension		115,112	0	(1,361)	113,751
Intergovernmental		170,912	190,175	(170,912)	190,175
Capital Lease Obligations		26,654	45,000	(21,930)	49,724
<i>Total General Long-Term Obligations</i>		2,400,255	292,078	(340,128)	2,352,205
<i>Total All Types</i>		<u>\$10,028,175</u>	<u>\$3,742,078</u>	<u>(\$3,995,464)</u>	<u>\$9,774,789</u>

The waterworks mortgage revenue bond will be paid from municipal income tax revenues collected and received in the water enterprise fund. Water enterprise fund user services charges are available as a secondary source. OPWC loans will be paid from municipal income tax and water enterprise fund user service charges. OWDA loans will be paid from the water enterprise fund user service charges.

General obligation bonds will be paid from the proceeds of municipal income tax. Special assessment bonds will be paid from the proceeds of special assessments levied against benefitted property owners. In the event that a property owner would fail to pay the assessment, payment would be made by the City. Compensated absences reported in the "compensated absences payable" account will be paid from the fund from which the employees' salaries are paid. The judgement liability represents amounts owed to the Ravenna Township for the upkeep of a cemetery. The City is required to make payments of \$59,279 per year until the year 2001. The repayment is being made out of the general fund.

The fire pension liability will be paid from taxes receipted in the general fund. The intergovernmental payable represents contractually required pension contributions paid outside the available period and will be paid from the fund from which the pension is paid. Capital leases will be paid from various revenues from the general funds.

On June 1, 1999, the City issued \$3,315,000 in Revenue Bonds with a discount of \$22,032 and interest rates varying from 3.50 percent to 4.35 percent. Proceeds were used to retire \$3,070,000 of the outstanding 1987 Series revenue bonds.

\$3,168,414 was paid to the bond holders to retire the 1987 Series Revenue Bonds. The City decreased its total debt service payments by \$271,894 as a result of the current refunding. The City also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$284,004.

CITY OF RAVENNA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

10. LONG-TERM OBLIGATIONS (Continued)

Revenue bonds payable in the enterprise water fund is made up of the following components:

	Water
Outstanding Balance of General Obligation Bonds	\$3,020,000
Unamortized Discount	(20,983)
Net Bonds Payable	\$2,999,017

The City's overall legal debt margin was \$16,524,753 at December 31, 1999. Principal and interest requirements to retire long-term obligations outstanding at December 31, 1999, are as follows:

	Waterworks Refunding Bond	Ohio Public Works Commission	Ohio Water Development Authority	General Obligation Bonds	Special Assessment Bonds	Police and Fire Pension
2000	\$376,578	\$33,735	\$436,315	\$102,501	\$56,407	\$6,239
2001	377,397	33,735	436,315	100,025	55,152	6,239
2002	372,592	33,735	436,315	103,422	57,818	6,239
2003	372,333	14,025	436,315	100,518	56,299	6,239
2004	376,412	14,025	436,315	102,418	54,755	6,239
2005-2009	1,871,953	70,124	2,181,573	500,446	281,366	31,195
2010-2014	0	70,125	1,090,787	408,204	278,806	31,175
2015-2019	0	8,417	0	0	0	31,305
2020-2024	0	0	0	0	0	31,195
2025-2029	0	0	0	0	0	31,195
2030-2034	0	0	0	0	0	31,195
2035	0	0	0	0	0	2,837
Total Principal and Interest	3,747,265	277,921	5,453,935	1,417,534	840,603	221,292
Less: Interest	(727,265)	0	(1,434,473)	(473,539)	(304,598)	(107,541)
Total	\$3,020,000	\$277,921	\$4,019,462	\$943,995	\$536,005	\$113,751

11. CONTRACTUAL COMMITMENTS

As of December 31, 1999, the City had contractual commitments for the following projects:

	Contractual Commitment	Expended	Balance 12/31/99
Prospect St Bridge Design	\$90,337	\$45,854	\$44,483
Highland Water Reconstruction	135,000	0	135,000
Main & Linden Reconstruction	171,472	165,412	6,060
Waste Water Expansion	696,908	564,018	132,890
Totals	\$1,093,717	\$775,284	\$318,433

CITY OF RAVENNA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

12. CAPITAL LEASES

In prior years, the City entered into capitalized leases for the acquisition of copy machines. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service in the general purpose financial statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

General fixed assets acquired by lease have been capitalized in the general fixed assets account group at \$103,000, an amount equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. The leased equipment is reported in the sewer enterprise fund at a cost of \$135,000. No depreciation was taken in 1999 as this was the year of acquisition.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 1999:

<u>Year</u>	<u>Enterprise</u>	<u>General Long-Term Obligation</u>	<u>Total</u>
2000	\$29,799	\$22,833	\$52,632
2001	29,799	12,083	41,882
2002	29,799	9,933	39,732
2003	29,799	9,933	39,732
Total minimum lease payments	119,196	54,782	173,978
Less: Amount representing interest	(13,995)	(5,058)	(19,053)
Present value of minimum lease payments	<u>\$105,201</u>	<u>\$49,724</u>	<u>\$154,925</u>

13. EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn ten to thirty days of vacation per year, depending upon length of service. Earned unused vacation time is paid upon termination of employment. Employees earn sick leave at different rates depending upon length of service and type of employment. Sick leave accrual is continuous, without limit. Upon retirement or death, an employee hired before January 1, 1987, can be paid a maximum of 960 hours of accumulated, unused sick leave. Employees hired after January 1, 1987, can be paid a maximum of 650 hours. As of December 31, 1999, the liability for unpaid compensated absences was \$729,718 for the entire City.

14. DEFINED BENEFIT PENSION PLANS

A. Public Employees Retirement System

All City full-time employees, other than police officers and fire fighters, participate in the Public Employees Retirement System of Ohio (PERS), a cost sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

CITY OF RAVENNA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

14. DEFINED BENEFIT PENSION PLANS (Continued)

Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio, 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the City is required to contribute 9.35 percent. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contribution to PERS for the years ended December 31, 1999, 1998 and 1997 were \$332,915, \$311,407, and \$256,283 respectively. The full amount has been contributed for 1998 and 1997. 73.07 percent has been contributed for 1999 with the remainder being reported as a liability in the general long term obligations account group and as a fund liability in the enterprise fund types.

B. Police and Firemen's Disability And Pension

The City contributes to the Police and Firemen's Disability and Pension Fund of Ohio (PFDPF), a cost-sharing multiple employer public employee retirement system administered by PFDPF's Board of Trustees. PFDPF provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and by Chapter 742 of the Ohio Revised Code. PFDPF issues a publicly available financial report that includes financial information and required supplementary information. That report may be obtained by writing to the Police and Firemen's Disability and Pension Fund of Ohio, 140 East Town Street, Columbus, Ohio 43215.

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and for 1999 the City is required to contribute 12.5 percent for police and 17 percent for firefighters. For 1998 the City contributions were 13 percent for police and 17.5 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the PFDPF for police and firefighters were \$128,677 and \$139,197 for the year ended December 31, 1999, \$123,311 and \$143,681 for 1998 and \$114,040 and \$128,147 for 1997. The full amount has been contributed for 1998 and 1997. 72.66 and 69.14 percent, respectively, have been contributed for 1999 with the remainder being reported as a liability within the general long-term obligations account group.

In addition to current contributions, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 1999 the unfunded liability of the City was \$113,751 payable in semiannual payments through the year 2035. This is an accounting liability of the City which will not vary. The liability is reported in the general long-term obligations account group.

15. POSTEMPLOYMENT BENEFITS

A. Public Employees Retirement System

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service employees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on the authority granted by State statute. The 1999 employer contribution rate was 13.55 percent of covered payroll; 4.2 percent was the portion that was used to fund health care.

CITY OF RAVENNA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

15. POSTEMPLOYMENT BENEFITS (Continued)

Benefits are funded on a pay-as-you-go basis. OPEB are financed through employer contributions and investment earnings. The contributions allocated to retiree health care and medicare, along with investments income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely. During 1999, OPEB expenditures made by PERS were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. At December 31, 1999, the total number of benefit recipients eligible for OPEB through PERS was 118,062. The City's actual contributions for 1999 which were used to fund OPEB were \$149,545.

During 1997, PERS adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equaled 4.2 percent of member payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health coverage.

B. Police and Firemen's Disability Pension Fund

The Police and Firemen's Disability and Pension Fund (PFDPF) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the PFDPF's board of trustees to provide health care coverage and states that health care cost paid from the Police and Firemen's Disability and Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.0 percent of covered payroll is applied to the postemployment health care program. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The City's actual contributions for 1999 that were used to fund postemployment benefits were \$72,059 for police and \$57,317 for fire. PFDPF's total health care expenses for the year ending December 31, 1998, (the latest information available) were \$78,596,790. The number of PFDPF participants eligible to receive health care benefits as of December 31, 1998, was 11,424 for police and 9,186 for firefighters.

16. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 1999, the City contracted with several companies for various types of insurance as follows:

CITY OF RAVENNA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

16. RISK MANAGEMENT (Continued)

<u>Company</u>	<u>Type of Coverage</u>	<u>Deductible</u>	<u>Coverage</u>
R.L.I. Insurance	Umbrella Liability	\$10,000	\$3,000,000
American States	Boiler and Machinery	1,000	1,000,000
St Paul Fire and Marine	Earthquake and Flood	25,000	5,000,000
	Commercial Property	250	29,347,970
	Auto Liability	None	1,000,000
Ohio Casualty	Bonds - Employees and Officials	None	100,000
National Casualty	Law Enforcement Liability - each person, each wrongful act	5,000	1,000,000
	Public Officials Liability	5,000	1,000,000
Scottsdale Indemnity	General Fire Liability/Rescue	None	2,000,000

Claims have not exceeded this coverage in any of the past three years and there has been no significant reduction in commercial coverage in any of the past three years.

The City manages the hospital/medical, dental, and life insurance benefits for its employees on a self-insured basis. A third party administrator processes and pays the claims. An excess coverage insurance (stop loss) policy covered claims in excess of \$45,000 for the period of January through October and then increased to \$60,000 per employee for the remainder of the year.

The claims liability of \$67,641 reported in the fund at December 31, 1999, was estimated by reviewing current claims and is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claims adjustment expenses. Changes in the fund's claims liability amount in 1999 and 1998 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
1999	\$93,196	\$825,956	\$851,511	\$67,641
1998	79,588	938,926	925,318	93,196

17. JOINTLY GOVERNED ORGANIZATION

Metro Critical Response and Rescue Team (CRRT) The Metro Critical Response and Rescue Team is a multi-jurisdictional tactical unit consisting of member agencies within Summit County as well as selected out of county agencies. The CRRT is a team of specially trained police officers from participating political subdivisions which will respond to any incident where special weapons and tactics are needed within the member jurisdictions. Each agency has a departmental representative that collectively constitutes the "Board of Directors". As a representative from one department you are allotted one vote in the decision making process of CRRT matters. The CRRT Board of Directors are directed by an Executive Board consisting of a President, Vice-President and Secretary as elected annually from the members of the Board of Directors. The Board of Directors controls the budget and all financial concerns. In 1999, the City contributed \$3,065, which represents 4.94 percent of the total contribution.

CITY OF RAVENNA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

18. JOINT VENTURE

Maple Grove Union Cemetery - The City participates in the Maple Grove Union Cemetery which is a statutorily created union cemetery, formed under chapter 759.27 of the Ohio Revised Code. The Cemetery's functions include the funding and operation of the cemetery which is located in both the City of Ravenna and the Township of Ravenna. It is governed by a three member board comprised of one member of the Township, one member of the City and one member voted on by the Board. The Board of Trustees approve its own budget, appoints personnel and oversees accounting and finance related activities. Each participant's control is limited to its membership shares. The parties share in the costs of the operation of the cemetery based upon the prorated property valuations of each entity. The City's percentage for 1999 was 63.63%. During 1999, \$139,278 was received from the City of Ravenna. Complete financial statements may be obtained from the Maple Grove Union Cemetery, Ravenna, Ohio.

19. SEGMENT INFORMATION

The City's enterprise funds account for the provision of sewer and water services. The table below reflects, in a summarized format, the more significant data relating to the enterprise funds of the City of Ravenna as of and for the year ended December 31, 1999:

	Water Fund	Sewer Fund	Total
Operating Revenues	\$2,117,040	\$1,781,207	\$3,898,247
Depreciation Expense	318,315	231,807	550,122
Operating Income (Loss)	315,176	(67,571)	247,605
Municipal Income Tax Revenue	959,801	0	959,801
Net Nonoperating Revenues (Expenses)	755,952	(797,514)	(41,562)
Fixed Assets:			
Additions	1,017,679	214,235	1,231,914
Deletions	55,358	589,124	644,482
Current Capital Contributions	89,704	208,150	297,854
Net Working Capital	2,138,353	1,873,085	4,011,438
Total Assets	15,811,420	9,210,928	25,022,348
Long-Term Liabilities	3,429,927	4,845,988	8,275,915
Total Equity	12,266,724	4,194,878	16,461,602
Encumbrances	174,610	368,384	542,994

20. CONTINGENCIES

A. Grants

The City receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 1999.

CITY OF RAVENNA
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)

20. CONTINGENCIES (Continued)

B. Litigation

The City of Ravenna is a party to legal proceedings. The City management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

**CITY OF RAVENNA, OHIO
PORTAGE COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 1999**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPT. OF HEALTH & HUMAN SERVICES			
<i>Passed Through Ohio Department of Aging:</i>			
Special Program for the Aging - Title III, Part B	None	93.044	\$ 2,911
Total U.S. Department of Health and Human Services			2,911
U.S. DEPT. OF HOUSING & URBAN DEVELOPMENT			
<i>Passed through Ohio Department of Development:</i>			
Community Housing Improvement Program (CHIP)	AC-95-168-1	14.228	2,643
Community Development Block Grant Funds (CDBG)	AC-97-168-1	14.228	8,625
	AC-98-168-1	14.228	45,000
Community Development Block Grant Formula Program	AF-98-168-1	14.228	10,989
			67,257
Community Housing Improvement Program (CHIP)	AC-97-168-2	14.239	108,343
Home Improvement partnerships Program (HOME)	AC-98-168-2	14.239	329,017
			437,360
Total U. S. Department of Housing & Urban Development			504,617
U.S. DEPARTMENT OF JUSTICE			
<i>Passed Through Office of Community Oriented Policing Services:</i>			
Bulletproof Vest Partnership	99000536	16.607	1,188
Community Oriented Policing Services (COPS) 96-99	95-CF-WX-1504	16.710	40,836
Community Oriented Policing Services (COPS) 97-00	95-CF-WX-1504	16.710	23,334
COPS Drug Task Force	95-CF-WX-1504	16.710	15,746
COPS Small Communities Grant	98-CG-WX-0641	16.710	10,000
COPS Safe Schools	99-SH-WX-0542	16.710	5,079
			94,995
Total U.S. Department of Justice			96,183
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION			
<i>Passed Through the Ohio Department of Public Safety:</i>			
Operation Slow Down Program	1999-PT-N/1	20.600	13,895
Safe Communities 98-99	1999-SA-N/1	20.600	24,536
Safe Communities 99-00	1999-SA-N/1	20.600	4,032
Safe and Sober	1999-PT-N/1	20.600	2,983
Total National Highway Traffic Safety Administration			45,446
Total Expenditures of Federal Awards			\$ 649,157

The notes to the schedule of federal awards expenditures is an integral part of this statement.

**CITY OF RAVENNA
NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 1999**

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the City's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B-- COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS

The City has established a revolving loan program to provide low-interest loans to businesses to assist in expansion and to create jobs for persons from low-moderate income households, in addition to eligible persons for modernization and rehabilitation of homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the City passed through the Ohio Department of Development. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures (the Schedule). Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

These loans are collateralized by mortgages on the property, by Uniform Commercial Code, and inventory. At December 31, 1999, the gross amount of loans outstanding under this program were \$3,603,586.

NOTE C -- MATCHING REQUIREMENTS

Certain Federal programs require that the City contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

City of Ravenna
Portage County
210 Parkway
Ravenna, Ohio 44266

To the City Council:

We have audited the financial statements of the City of Ravenna, Ohio, Portage County (the City) as of and for the year ended December 31, 1999, and have issued our report thereon dated September 1, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 1999-21167-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated September 1, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated September 1, 2000.

This report is intended for the information and use of management, City Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

September 1, 2000



STATE OF OHIO
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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

City of Ravenna
Portage County
210 Parkway
Ravenna, Ohio 44266

To the City Council:

Compliance

We have audited the compliance of the City of Ravenna, Ohio, Portage County (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 1999. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 1999.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management, City Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

September 1, 2000

CITY OF RAVENNA
 SCHEDULE OF FINDINGS
 OMB CIRCULAR A -133 § .505
 FOR THE YEAR ENDED DECEMBER 31, 1999

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Community Housing Improvement Program (CHIP) HOME Funds (#14.239)
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**CITY OF RAVENNA
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED DECEMBER 31, 1999**

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number	1999-21167-001
-----------------------	----------------

Noncompliance Citation

The **Charter of the City of Ravenna, Ohio, Article IX, Section 2**, states that no appropriation shall be encumbered and no purchase shall be made unless the Finance Director certifies that there is a sufficient unencumbered balance of appropriated funds on hand or in the process of collection. The Finance Director shall not allow the amount set aside for any appropriation to be overdrawn, nor to be drawn for any purpose not authorized. Additionally, the Finance Director shall keep full, complete and accurate records of all financial transactions of the Municipality, collect, deposit and safely keep all moneys of the Municipality, and disburse the same as required by law and the ordinances of the Municipality.

Ohio Revised Code § 5705.36 and **Ohio Revised Code § 5705.41 (A), (B),(C) and (D)** also provide for the same provisions as the City's Charter

On June 1, 1999, the City issued \$3,315,000 in Revenue Bonds, with a discount of \$22,032, to retire \$3,070,000 of the outstanding 1987 Series revenue bonds. The City decreased its total debt service payments by \$271,894 as a result of the current refunding. The total amount of the new estimated resources or the appropriations to extinguish the old debt was not budgeted. Only the net difference of the activity was budgeted. As a result, appropriations in the City's Water Funds were exceeded by expenditures as follows:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures (plus Encumbrances)</u>	<u>Excess</u>
Water Fund	\$ 3,946,309	\$ 6,355,300	\$ 2,408,991

We recommend the City budget for refunding of debt in the proper manner, certify the total amount of the new bonds and appropriate the total amount of the old debt to be retired.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



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OFFICE OF THE AUDITOR

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CITY OF RAVENNA

PORTAGE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 19, 2000